Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Verizon Telephone Companies	)	WC Docket No. 02-237
Section 63.71 Application to Discontinue Expanded Interconnection Service Through Physical Collocation	)	

<u>COMMENTS OF AT&T CORP.</u>

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Pursuant to § 63.71(a)(ii) of the Commission's Rules, 47 C.F.R. §63.71(a)(ii), AT&T Corp. ("AT&T") submits these comments in response to the Application of the Verizon Telephone Companies ("Application") to Discontinue Expanded Interconnection Service Through Physical Collocation.

INTRODUCTION AND SUMMARY

Although styled as an application to discontinue provision of expanded interconnection services through federal tariffs, Verizon does not actually propose to discontinue providing those federally-tariffed services. What Verizon proposes instead is unilaterally and improperly to modify the rates, terms and conditions upon which it offers those services. Verizon makes clear that it will continue to provide physical collocation services pursuant to its federal tariffs, at least for all existing expanded interconnection arrangements, Application at 4, but it seeks, in effect, to change critical rates, terms and conditions associated with these federally-tariffed services, *id.* at 4-5, while denying the Commission and customers the means to review whether those federal tariff revisions are just, reasonable and nondiscriminatory, 47

U.S.C. §§ 201, 202. Verizon's Application is especially troubling because the Commission has warned that its "experience reviewing the tariffs that incumbent LECs filed to implement our requirements for physical . . . collocation suggests that rates, terms, and conditions under which incumbent LECs propose to provide these arrangements . . . bear close scrutiny." *Implementation of the Local Competition Provisions in the Telecommunications Act of* 1996, 11 FCC Rcd. 15,499, ¶ 569 (1996)("*Local Competition Order*"). Indeed, just last year, Verizon filed revised tariffs that unilaterally would have increased the rates charged to collocators for DC Power in connection with its federal physical collocation tariffs. After proceedings were instituted to assess the legality of those revisions, however, Verizon reinstituted its prior tariffs and committed to refund overpayments made under its revised tariffs.[1]

Now, one year later, Verizon again seeks to eliminate the existing terms and conditions of all but the "space-related charges" and certain "cross-connects" of its federal physical collocation tariffs. Unlike its previous attempt, however, Verizon now seeks to insulate those tariff changes from the Commission's review. Application at 5.[2] Under its proposal, carriers that currently have federally-tariffed physical collocation arrangements will no longer have the benefits of the federally-tariffed "supporting services" which are an essential part of these physical collocation arrangements. Instead, they will be required to obtain these services, if available, from Verizon through its state tariffs and interconnection agreements. Therefore,

[1] *In re Bell Atlantic Tel. Cos. Revisions in Tariff FCC Nos. 1 and 11; Verizon Tel. Cos. Tariff FCC Nos. 1 and 11*, CC Docket No. 01-140, FCC No. 01-278, Order Terminating Tariff Investigation, ¶¶ 2, 4 (2001) ("*Bell Atlantic Tariff Order*").

[2] Specifically, Verizon proposes that "[c]ross-connects that are in-service and being billed under the federal tariffs at the effective date of the discontinuance tariff . . . will continue to be provided under existing federal tariffs," but "new cross-connects" for these federal physical collocation arrangements would be ordered "out of the state tariffs." Application at 5 & n.3

the rates, terms and conditions of these critical services will no longer be subject to oversight by the Commission under the Act's tariffing provisions. *See* Part I, *infra.*

But even if Verizon were, in fact, seeking to discontinue its provision of federally-tariffed physical collocation arrangements, the Application should be denied because Verizon fails to satisfy the requirements of § 214 and the Commission's implementing regulations. First, there can be no question that AT&T would be unable to receive the same service from another carrier. Verizon is not merely dominant with regard to physical collocation services; there are no other carriers that could or do offer these services in Verizon's region. *See* Part II.A. Therefore, if Verizon ceases to provide these services in the future, no other carrier can fill that void.

Second, the alternative physical collocation arrangements offered by Verizon do not constitute "a reasonable substitute" for the federally-tariffed physical collocation services that Verizon currently provides. 47 C.F.R. § 63.71(a)(ii). As a dominant carrier, Verizon insists that the Commission take on faith its unsupported statements that the state tariffs and interconnection agreements will provide a reasonable substitute. That argument, however, ignores the Commission's consistent rulings, both before and after the 1996 Act, which underscore the importance of physical collocation as a means to promote competition in monopoly local markets and the recognition that physical collocation under § 251(c)(6) is not a sufficient substitute for collocation under the Commission's *Expanded Interconnection* Rules.[3] Moreover, Verizon wholly ignores the substantial administrative and transactional costs

[3] *See*, *e.g.*, *Local Competition Order*, ¶ 607; *Deployment of Wireline Servs. Offering Advanced Telecomms. Capability*, 14 FCC Rcd. 4762 (1999); *Deployment of Wireline Servs. Offering Advanced Telecomms. Capability,* 16 FCC Rcd. 15435 (2001) ("*Advanced Services Fourth*

associated with a conversion from federally-tariffed physical collocation to physical collocation under state tariffs and interconnection agreements. *Local Competition Order*, ¶ 611 (explaining that elimination of collocation under federal tariffs would be "unnecessarily disruptive").

Similarly, Verizon has not even attempted to show that the physical collocation services provided in connection with state tariffs and interconnection agreements are reasonable substitutes. To the contrary, Verizon admits that there are substantial differences between the federal and state services. Application at 6. Such differences are critical because the benefits of physical collocation only can be realized by eliminating unnecessary and unreasonable costs. *See*, *e.g.*, *Advanced Services Fourth Report & Order*, ¶ 67.

Verizon recognizes the long-term importance of these differences between federal and state tariffs, but makes no real effort to quantify those differences or to compensate for them adequately. For all but a select few of the states in its territory, Verizon merely posits that "space preparation charges . . . are not significantly different when differences in rate structure are taken into account." Application at 6. Verizon's failure to demonstrate that these services are "reasonable substitute[s]" is itself fatal to Verizon's Application. *See* 47 U.S.C. § 63.71(a)(ii).

Indeed, in New York, Verizon admits that carriers such as AT&T incurred substantial up-front space preparation charges in connection with the applicable federal tariffs, whereas under the New York state tariffs, space preparation charges are recovered entirely through recurring charges rather than nonrecurring charges. Application 6-7 & n.4. But Verizon proposes that AT&T and other carriers in New York be required, in effect, to pay twice for these same up-front costs: first through the nonrecurring costs they paid under the federal tariffs and

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Report & Order"); *cf. In re Expanded Interconnection With Local Tel. Co. Facilities*, 9 FCC Rcd. 5154 (1994) ("*Expanded Interconnection Order*").

then a second time through inflated New York state tariffs which are designed to recover nonrecurring "space preparation charges." *Id.* at 6. And even where Verizon proposes to account for some of these differences through a "conversion credit," that credit is inadequate because (i) it fails to provide AT&T and other carriers with an up-front refund of the additional costs that AT&T expended pursuant to the federal physical collocation tariff, and (ii) the "credit" Verizon proposes to provide over time would be wholly inadequate.

Finally, Verizon's position is foreclosed by the *Advanced Services Fourth Report & Order*. In that Order, the Commission concluded, and the D.C. Circuit affirmed, that it would be unjust and unreasonable for Verizon and other ILECs not to provide federally-tariffed cross-connect services pursuant to Section 201 of the Act. 16 FCC Rcd. at ¶ 78. Verizon's attempt to sidestep this requirement by eliminating, in the future, its federally-tariffed cross-connect services is especially egregious because Verizon contends that it has no obligation under § 251(c)(6) to provide such services. As a result, Verizon's proposal amounts to an improper withdrawal of a federally-tariffed service that the Commission has concluded Verizon must offer pursuant to § 201 of the Act. *See Verizon Tel. Cos.* v. *FCC*, 292 F.3d 903, 912 (D.C. Cir. 2002).

ARGUMENT

I. THE APPLICATION IS AN IMPROPER EFFORT TO MODIFY THE TERMS AND CONDITIONS OF EXISTING FEDERALLY-TARIFFED PHYSICAL COLLOCATION SERVICES.

Verizon's Application should be denied because Verizon does not propose to discontinue Verizon's federally-tariffed physical collocation arrangements. Rather, Verizon seeks to "grandfather" certain aspects of those arrangements while eliminating other critical elements in a way that would prevent the Commission from reviewing those tariff revisions and frustrate the federal tariffing scheme.

Verizon's Application makes clear that it is not, in fact, asking the Commission to discontinue its federally-tariffed physical collocation arrangements. Indeed, Verizon makes clear that it will "'grandfather' existing physical expanded interconnection arrangements." Application at 4. Specifically, Verizon provides that only "space-related charges" and existing "cross-connects for those arrangements" will remain subject to federal tariffs. *Id.* at 5. Under this approach, Verizon would be able to impose, unilaterally, substantially different rates, terms and conditions for critical "supporting services," including "DC power" and new "cross-connects" without necessary oversight of its actions by the Commission. *Id.* at 5. Verizon is thus seeking to modify the rates, terms and conditions of its federal tariffs in a manner that would circumvent Commission oversight of the substance of those revisions. Verizon's proposal is contrary to settled law.

Dominant carriers such as Verizon are required, pursuant to 47 U.S.C. § 203(a) and 47 C.F.R. § 61.31, to file tariffs that explain their charges and all services rendered for those charges.[4] When filing tariffs, a dominant carrier must include supporting information, including an "[e]xplanation and data supporting either changes or new tariff offerings. The material to be submitted for a tariff change which affects rates or charges . . . must include an explanation of the changed or new matter, the reasons for the filing, the basis of ratemaking employed, and economic information to support the changed or new matter." 47 C.F.R. § 61.38(b). Federal tariffs thus obligate a dominant carrier, such as Verizon, to reveal to regulators, consumers and

[4] *See also* 47 C.F.R. § 61.1 ("No carrier required to file tariffs may provide any interstate or foreign service until every tariff publication for such communications service is on file with the Commission and in effect."); *cf. In re Wireless Consumers Alliance, Inc.*, 15 FCC Rcd. 17021, ¶ 21 (2000) ("The statutory scheme of Section 203 directs the agency to assure reasonable rates, rate uniformity, and the absence of price discrimination by carriers through tariff filings and the filed rate doctrine.").

competitors not only their rates, terms and conditions, but the underlying bases for those rates, terms and conditions. And where the Commission determines that a tariff does not sufficiently demonstrate that the rates and charges contained therein are "just and reasonable," the Commission may reject the tariff and may order refunds. *See, e.g.*, *Southwestern Bell Tel. Co.* v. *FCC*, 138 F.3d 746, 752 (D.C. Cir. 1998).

These principles apply directly to Verizon's federally-tariffed physical collocation arrangements. *See Expanded Interconnection Order*, ¶ 31. There, the Commission adopted and implemented an expanded interconnection policy to create new opportunities for the competitive provision of access services and to open the interstate special access and switched transport markets to greater competition. *Id.* ¶ 1. Acting pursuant to § 201 of the Act, the Commission mandated that monopoly LECs would be required to file "generally available tariffs offering expanded interconnection through virtual collocation." *Id.* ¶ 17. The FCC also offered LECs an exemption from this obligation if "they opt to provide physical collocation" through a federal tariff as a "communications common carrier offering under non-streamlined Title II regulation." *Id.* ¶¶ 17, 31. "[T]o protect interconnectors from potential anti-competitive LEC behavior," the Commission required that physical collocation be "offered on a tariffed basis, with generally available rates terms and conditions." *Id.* ¶ 31.

The Commission's concerns regarding the need to protect ILEC customers are justified. Just last year, Verizon sought to revise materially its existing federal physical collocation tariffs with regard to the rates that it charged collocators for DC power. *Bell Atlantic Tariff Order*, at ¶¶ 2, 4. Those increases were subject to scrutiny under the traditional federal tariffing process, and ultimately Verizon terminated the proceedings by filing further tariff revisions that "would reinstate the tariff rates, terms and conditions that were in effect immediately prior to the effective date of the tariff" under review in that proceeding. *Id.* ¶ 4. Thus, the federal tariffing requirements appropriately put the burden on the dominant carrier to justify revisions in the rates, terms and conditions of their federal tariffs.

Here, however, Verizon seeks to revise critical aspects of the rates, terms and conditions of its federally-tariffed physical collocation arrangements without having to justify or support those revisions.[5] Although AT&T has not yet completed an exhaustive review of the impact of these proposed revisions, it already is clear that, if permitted, they would impose significant additional costs upon AT&T and other collocation customers. For example, revising the federal tariff to delete the availability of DC power, which is essential to physical collocation, and forcing collocators to purchase DC power under Verizon's state tariffs, if available, would increase AT&T's physical collocation costs by more than $4 million dollars each year.

These changes are significant because the Commission's efforts with regard to physical collocation have confirmed that minimizing costs for collocators is essential to the success of physical collocation as a means to opening the ILECs' local bottleneck to facilities-based competition. Thus, in the *Advanced Services Fourth Report & Order*, the Commission mandated that ILECs must cross-connect collocators because that approach avoided "added

[5] Verizon argues that "proposed changes in the terms and conditions of tariffs are not properly at issue in a section 214 filing." Application at 4 n.2. But that is wrong for two reasons. First, this is not in fact a true § 214 filing because Verizon does not intend to discontinue its existing federally-tariffed physical collocation service. Rather, it seeks to continue to provide federally-tariffed physical collocation while forcing AT&T and other collocators to purchase critical aspects of those arrangements under state tariffs outside the Commission's authority. Second, the case upon which it relies states that the "rates, terms and conditions of service are to be established through the tariffing process as governed by Sections 201-205 of the Act." *AT&T Application for Authority Under Section 214 to Discontinue the Interstate Offering of Terrestrial Television Serv. In Specified Local Access & Transp. Areas*, 8 FCC Rcd. 6801, ¶ 14 (1993). Here, of course, Verizon seeks to avoid that tariff revision process completely by requiring

expense" that "almost assuredly would make the competitive transport cost-prohibitive and would prove economically wasteful." 16 FCC Rcd. at 15470, ¶ 66. Verizon's Application is a procedurally defective attempt to impose additional costs on carriers that will continue to receive federally-tariffed physical collocation arrangements from Verizon.

II. EVEN IF VERIZON'S PROPOSAL WERE VIEWED AS A PROPER APPLICATION FOR DISCONTINUATION, IT WOULD BE INADEQUATE BECAUSE THERE IS NO REASONABLE SUBSTITUTE SERVICE AND IT WOULD NOT SERVE THE PUBLIC CONVENIENCE OR NECESSITY.

Even if the Application could be viewed as a legitimate attempt by Verizon to actually discontinue the federally-tariffed physical collocation arrangements, it should be denied because it is clear that the requirements of § 214 have not been met. Verizon bears the burden of showing that it has complied with § 214(a) and 47 C.F.R. § 63.71. As the Commission has noted, "[t]he burden is cast upon the carrier which wishes to discontinue a service to make proper application for a certificate" and to comply with § 214(a)'s requirement "that neither the present or future public convenience and necessity will be adversely affected by such discontinuance."[6] Section 63.71(a)(ii), in turn, mandates that there must be a "reasonable substitute" available to Verizon's federally-tariffed physical collocation services.

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customers to order these "supporting services" through state tariffs and interconnection agreements.

[6] *In re Southwestern Bell Tel. Co. et al. Applications for Authority Pursuant to Section 214 of the Communications Act of 1934 to Cease Providing Dark Fiber Servs.*, Order, 8 FCC Rcd. 2589, ¶ 52 (1993) (quotations omitted); *see also ITT World Communications, Inc*. v. *N.Y. Tel. Co.*, 381 F. Supp. 113, 120 (S.D.N.Y. 1974) ("The burden is cast upon the carrier which wishes to discontinue a service to make proper application for a certificate."); *In re Inquiry Into Problems of Pub. Coasts Radio Tel. Stations*, 67 F.C.C.2d 790, ¶ 11 n.19 (1978) (same); *In re AT&T Application for Authority Pursuant to Section 214 of the Communications Act to Discontinue the Offering of Type 400 Switching Sys. Serv.*, Memorandum Opinion, 63 F.C.C.2d 371, ¶ 2 n.9 (1977) (same).

Given the importance of physical collocation to the Commission's efforts to introduce facilities-based competition for local telecommunications services and the significant investments made by carriers such as AT&T to take full advantage of these opportunities for competitive entry, Verizon must shoulder a heavy burden to justify its efforts to discontinue provision of a physical collocation option that carriers have adopted as part of their competitive strategy. Verizon's bare bones Application comes nowhere close to satisfying this heavy burden. Not only has Verizon failed to show that "reasonable substitutes" exist, Verizon's Application demonstrates just the opposite—there is no "reasonable substitute" to its federally-tariffed physical collocation services. Indeed, as shown below, the Application is the most recent example of Verizon's efforts to frustrate the Commission's efforts to promote physical collocation as a means of promoting competition.

A. AT&T Cannot Obtain Federally-Tariffed Physical Collocation From Another Carrier.

There is no dispute that AT&T and other competitive LECs will be unable to receive the same federally-tariffed physical collocation services from another carrier if Verizon were permitted to discontinue this service. *See* 63.71(a)(ii). Verizon is not only a dominant provider regard to physical collocation, it is the only possible provider with because the underlying purpose of physical collocation is to allow competitive carriers to gain economical "access to ILECs' networks." *Verizon*, 292 F.3d at 905. Thus, Verizon's admission that it is "dominant" with regard to the provision of physical collocation services, Application at 10, seriously understates matters, because *no* other carrier in this region can offer the federal physical collocation services that Verizon seeks to modify.

B. Physical Collocation Under State Tariffs And Interconnection Agreements Does Not Constitute A "Reasonable Substitute."

Nor do the other services offered by Verizon constitute "reasonable substitutes" for the federally-tariffed physical collocation services that Verizon seeks to terminate on a going-forward basis. The Commission's prior rulings confirm this point.

1. Even before the passage of the 1996 Telecommunications Act, the Commission recognized the importance of physical collocation, acknowledging that it "foster[s] increased competition in interstate access markets" and thereby is a mechanism to "increase customer options, reduce rates, and speed the introduction of new technologies." *Expanded Interconnection Order*, at ¶¶ 1, 10. When the Commission thereafter implemented the requirements of § 251(c)(6), it concluded that there were "significant differences" between the *Expanded Interconnection* rules and the collocation rules,[7] and rejected the argument that physical collocation under § 251(c)(6) would "supplant [the Commission's] section 201 *Expanded Interconnection* requirements." *Id.* ¶ 608. To the contrary, the Commission concluded that "permitting requesting carriers to seek interconnection pursuant to [the] *Expanded Interconnection* rules as well as section 251 is consistent with the goals of the 1996 Act to permit competitive entry through a variety of entry strategies." *Id.*

In light of these rulings, carriers such as AT&T have sought to compete against Verizon through a variety of physical collocation strategies that utilize both physical collocation pursuant to § 251(c)(6), as well as physical collocation under Verizon's federal tariffs. In doing so, AT&T and other customers have expended significant effort and resources to avail themselves of the various rate and term structures associated with each of collocation options offered by ILECs such as Verizon. Indeed, Verizon acknowledges that carriers such as AT&T have expended substantial up-front costs under federal physical collocation tariffs. *See* Application at 7 ("customers who purchased physical collocation arrangements in the federal tariffs paid the space preparation charges up-front"). Now, however, just a short time into the life of these arrangements, Verizon is attempting unilaterally to transform its competitors' entry strategies by requiring AT&T and others to trade one package of rates, terms and conditions under Verizon's federal tariffs for another package of different rates, terms and conditions reflected in Verizon's state tariffs and interconnection agreements. Moreover, Verizon simply ignores that this conversion to physical collocation under state tariffs and interconnection agreements would impose substantial and "unnecessarily disruptive" administrative burdens upon carriers such as AT&T. *Local Competition Order*, ¶ 611.

Although Verizon acknowledges the differences in "rate levels and rate structures between the state and federal tariffs for physical collocation," *id.* at 3, it nevertheless contends that these distinct methods of competitive entry are "reasonable substitutes," *id.* at 8. This unsupported assertion ignores obvious differences and is contrary to the Commission's conclusion that collocation under the *Expanded Interconnection* Rules was not "coextensive" with the collocation obligations under § 251(c)(6). *Local Competition Order*, ¶ 611.

2. Not only does Verizon fail to demonstrate that its state tariffs and interconnection agreements will provide a reasonable substitute for its federal physical collocation arrangements, its Application confirms that Verizon's state tariffs and interconnection agreements do not come close to providing a reasonable substitute for its

[7] *Local Competition Order*, at ¶ 567 (1996) (explaining that the most significant difference is that § 251(c)(6) "does not require that collocation be federally tariffed").

federally-tariffed services. The Application recognizes that rate structures associated with the nonrecurring and recurring costs in the state and federal tariffs differ markedly. Application at 3. But Verizon dismisses many of those differences, positing that "space preparation charges in [some] Verizon east areas are not significantly different when differences in rate structure are taken into account." *Id.* at 6. But the only data it provides make clear that space preparation costs can differ dramatically between federal and state tariffs, depending on the size of the collocation cage. *Id.* at 7 n.4 (noting $47,686.20 federal charge and $32,263.92 state charge for preparation of 100 square feet of collocation space). Verizon asks the Commission to take on faith that physical collocation under state tariffs is a reasonable substitute for collocation under federal tariffs. *Id.* at 6-7.

Verizon's unsupported assertions must be viewed against the Commission's warnings that ILEC conduct in connection with physical collocation arrangements be subjected to "close scrutiny." *Local Competition Order*, ¶ 569. Verizon's proposal for New York is perhaps the starkest example. Verizon admits that under its New York state tariffs, "space preparation charges are recovered entirely through recurring charges rather than through nonrecurring charges." Application at 6-7. In other words, recurring charges under Verizon's New York tariffs are inflated because they incorporate the nonrecurring costs of space preparation. Verizon admits that, at a minimum, it is appropriate for Verizon to compensate LECs for the differences in nonrecurring charges for space preparation. *Id.* at 7. But in New York, Verizon proposes that a carrier who paid substantial up-front space preparation charges under the federal tariff would be converted to the state tariff which charges inflated recurring rates designed to recover the costs of space preparation that the carrier already has paid under the federal tariff.

Moreover, even in the States where Verizon proposes a limited "conversion credit based upon the unamortized difference between the federal and state nonrecurring charges for space preparation," those credits are wholly inadequate. *Id*. at 6. Although carriers such as AT&T were required to incur the costs of space-preparation up front, Verizon proposes to refund overpayments over "nine and a half years" to compensate for the difference in space preparation charges. To the extent that Verizon attempts to force AT&T to abandon its federally-tariffed physical collocation strategy, it should be obligated to return immediately the unamortized nonrecurring charges that AT&T paid Verizon to secure the benefits under the federal tariffs.[8]

C. Verizon Is Not Entitled To Unilaterally Withdraw The Federal Cross-Connect Obligation Which The Commission Imposed Under § 201.

Finally, Verizon is not entitled to use conversion of federal tariffs to state tariffs as a means for circumventing the Commission's determination that ILECs are obligated under § 201 to provide cross-connects to carriers that physically collocate their equipment in ILEC central offices.

The Commission has concluded that section 201 of the Communications Act authorizes it "to require an incumbent LEC provision cross-connects between collocated carriers, and we require that an incumbent LEC provide such cross connects upon reasonable request." *Advanced Services Fourth Report &* Order, at ¶ 12. According to the Commission, § 201 supports adoption of a cross-connect requirement where a "more than *de minimis* amount of traffic to be transmitted through the cross-connect will be interstate." *Id.* ¶ 78. Thus, the

[8] Under those tariffs, AT&T would be entitled to recover its up-front costs amortized over a 30 year period, not 12 years as Verizon suggests. *See* FCC No.1, § 19.3(p) (stating that carrier is entitled to recover up-front costs minus (1/360 * number of months carrier used collocation cage). Moreover, if Verizon were permitted to return these up-front payments in select states

Commission determined that denial of cross-connects on the ILEC's premises would impose an "added expense" on competitive LECs that would "entrench the incumbent LECs' power in the transport market in direct contradiction of the Act's fundamental purpose to 'open[] all telecommunications markets to competition.'" *Id.* ¶ 66.

Verizon appealed from that determination, arguing that the Commission's cross-connect requirement could not be justified under § 201 (or § 251(c)(6)). *See Verizon Tel. Cos.* v. *FCC*, 292 F.3d 903, 911 (D.C. Cir. 2002). The D.C. Circuit sustained the Commission's determination on appeal. *Id.* at 911-12. Specifically, the Court upheld the Commission's authority, under § 201(b), to impose the cross-connect requirement. *Id.* at 911. The Court thus upheld the cross-connect obligation "without reaching the question of whether the Commission reasonably invoked . . . section 251(c)(6)'s 'terms[] and conditions' clause." *Id.* at 912.

By converting its federally-tariffed physical collocation obligations to state tariffs and interconnection agreements, Verizon would circumvent the Commission's requirement that ILECs must provide a cross-connect services pursuant to § 201 of the Act. Verizon is not entitled simply to refuse to implement a federal service that the Commission recently ordered ILECs to provide pursuant to § 201 of the Act. Indeed, Verizon's attempt to evade this requirement under § 201(b) is particularly egregious because Verizon has taken the position that it has no obligation to provide cross-connects under § 251(c)(6).

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through a credit, those credits should be subject to an interest rate in accordance with what state commissions provide for the cost of capital.

CONCLUSION

For these reasons, the Commission should deny Verizon's Section 63.71 Application to Discontinue Expanded Interconnection Service Through Physical Collocation.

Respectfully submitted,

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Baltimore, MD 21202

The District of Columbia Public Service Commission
1333 H Street, NW
Washington, DC 2005

Public Service Commission of West Virginia
201 Brooks Street
Charleston, WV 25301

Virginia State Corporation Commission
P.O. Box 1197
Richmond, Virginia 23218

/s/Patricia A. Bunyasi

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Patricia A. Bunyasi